

II. ADMINISTRATION

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A. INTRODUCTION

This chapter lists the files you must maintain for your RLF program. While the listing of files may seem lengthy, it will help to keep your grant operating effectively and efficiently if you follow this outline. Also included in this chapter are highlights of several key parts of the RLF administration process. Although these subjects are covered in more detail in following chapters, they are brought to your attention here because of their importance to successful RLF program administration.

The contents of your files must be able to fully document the CDBG-RLF housing program and demonstrate compliance with all applicable regulations.

The filing system you establish should be easy to use, and must provide an historic account of your activities for examination and review by the Bureau of Local Development (BOLD).

B. FINANCIAL MANAGEMENT FILE

1. State and federal regulations set forth the financial management procedures which must be followed in administering a CDBG-RLF grant. For details on how to comply with these requirements see Chapter III of this handbook entitled Financial Management.
2. Use the following major categories to establish your financial management files:
 - a. . Accounting books of original and final entry.
 - b. Source documentation (invoices, payrolls, contracts, etc.).
 - c. Cancelled checks, deposit slips, bank statements, etc.
 - d. Annual report forms.

C. PROCUREMENT POLICY FILE

1. General Requirements

A local policy of procurement procedures must be adopted. This policy must cover acquisition of supplies and services. A copy of this procedure must be placed in the procurement file (see samples in Attachment 1).

A file documenting compliance with procurement policies must be maintained.

2. Acquiring Consultant, Engineering or Audit Services

When acquiring the services of a consultant to administer a CDBG-RLF program or to provide other professional services (e.g., audit, engineering), you may use simplified acquisition procedures for all service contracts that are less than the simplified acquisition threshold of \$100,000 as specified in 24 CFR Part 85.36.

Simplified acquisition procedures require that price or rate quotations shall be obtained from at least three qualified sources. If a local procurement policy is in place that is more restrictive than the simplified procedures described here, the local policy must be followed. Evidence that the appropriate procedure was followed must be in place in the procurement file.

If you have questions concerning this procedure, call Gina Truly at (608) 267-4574 or Marti Wilson at (608) 266-5842.

3. Acquisition and Disposition of Property

- a. CDBG-RLF program records must include an Acquisition/Disposition Register (see Attachment 2). Use this document to record all property (including real property) acquisitions for items costing over \$500 purchased with CDBG-RLF funds. The register should include a description of the item, cost, date purchased, how disposed, and when. All dispositions of CDBG-RLF purchased items (including those purchased with previous state-administered grants) must also be recorded on this Register.

Keep the Acquisition/Disposition Register in your Procurement file. You must maintain an Acquisition/Disposition Register whether or not items in excess of \$500 were purchased with CDBG-RLF funds.

- b. Lease/Purchase of Equipment

Items valued at less than \$2,000 may be purchased with the CDBG-RLF funds designated for program administration.

Items (including computer software) valued in excess of **\$2,000** are **not** normally eligible expenses. These items should be of a size and capacity appropriate to the CDBG-RLF program administrative needs. If items with greater capacity than is needed for current administrative needs are to be purchased, the CDBG-RLF administrative funds will pay for only that size/capacity needed to serve the CDBG-RLF program. If equipment is purchased with the intention

of also using it for other local government needs, the cost should be prorated with other users based upon the percentage of usage.

Equipment valued in excess of \$2,000 may be acquired in one of the following ways:

- 1) Items may be leased from a vendor based on a five-year amortization of the cost of the item, or the life of the item, whichever is greater.
- 2) The local unit of government may purchase the item and then charge the CDBG-RLF administrative budget the equivalent of the lease cost of the item based upon the terms stated in 3.b.1). The remaining cost becomes the responsibility of the local government.

TO BE AN ELIGIBLE ADMINISTRATIVE EXPENSE, ALL PURCHASES OF PROPERTY VALUED IN EXCESS OF \$2,000 MUST BE APPROVED IN WRITING BY BOLD PRIOR TO THE PURCHASE.

D. BOLD MONITORING/INSPECTION FILE

1. Monitoring reports, BOLD letters of findings and recommendations, response to letters of findings, and evidence clearing any monitoring findings.
2. Other correspondence related to BOLD monitoring inspection visits.

E. INDIVIDUAL PROJECT FILES

Individual rehab project files should contain a complete record of all project activities. Each project should have its own file. Within each file there should be documentation to record the history of the project. See Section VI. I. 2. for a list of forms that should be included.

F. OTHER ADMINISTRATIVE REQUIREMENTS

In addition to the items already covered here, this handbook contains chapters dealing with RLF housing programs, and audit requirements. Please consult these chapters as they apply to your program.

All CDBG-RLF programs must comply with 24 CFR Part 570.489 (h), Conflict of Interest (see Attachment 3).

During the implementation of your CDBG-RLF program, BOLD may monitor your administrative procedures. The monitoring checklists which will be used are available for your review (see Chapter VII) so that you know what to expect.

If you have further questions concerning the administration of your program, contact BOLD.

ATTACHMENT 1

SAMPLE PROCUREMENT POLICIES

All public improvements constructed with municipal funds are carried out through contract awarded to the lowest responsible bid according to the requirements of Wisconsin Statutes.

Major equipment purchases are made from the lowest responsible bidder following public advertisement and distribution of specifications.

Common materials and supplies are purchased from the most price-advantageous source following bids or price quotations usually secured through unpublicized solicitation of more than two sources.

Signature

Date

The purchase of all materials and services for all activities within the municipality shall be by written contracts, or pre-numbered purchase orders. Purchase orders are issued by the Clerk's Office upon the request of department foreman.

Purchases of \$500 or less can be approved by the individual Department Chairman and/or foreman provided that the amount has been appropriated in a previous budget. All purchases over \$500 require prior approval of the majority of the Council. Purchase of materials that cost more than \$1,000 requires quotes or bids prior to the approval of the purchase. Public works contracts should be let as provided under section 62.15 of the Wisconsin Statutes.

Signature

Date

The following represents the procurement policy of the City, Village, County, or Town of _____:

1. Supplies required for operation of municipal offices and departments shall be purchased, as required, in accord with purchase order issued by the respective department head. It is required that purchases be made from suppliers located in the community unless price is not competitive or comparable to that of non-local suppliers.
2. Purchase of outlay items, such as vehicles and other equipment, shall be subject to competitive bidding. The department requesting purchase of these items shall make the request based on specifications. The responsible department head, along with the respective council committee, will determine which bid will be most advantageous to the community and make recommendation thereon to the full council. Bids may be invited by letter or by advertisement in the local newspaper.
3. Public Works Projects exceeding the Wisconsin Statutory amount of _____ will be bid in accord with Wisconsin State Statutes. Specifications, and/or plans and bid documents, will be furnished as requested. Notice of bid taking shall be published in the local newspaper, Western Builder and Builders Exchange releases. All bids received in a timely manner will be opened and read at a pre-specified time and made available to the public. Bids will be received and recommendation thereon will be made to the council. Contract will be awarded to the responsible bidder submitting the lowest bid. Force account projects are exempt from this policy.

Signature

Date

Purchase and contracts for equipment, materials, supplies and nonpersonal services, shall be made in the following manner:

- a. The Executive Director making open market purchases under \$500 will use Small Purchase Procedures to ensure that the price obtained is the most advantageous to the Housing Authority.
- b. For purchases and contracts from \$500 to \$3,000, the Director shall use competitive negotiation and invite offers orally, by telephone, or in writing from at least three suppliers if they are available in the locality.
- c. For purchases in excess of \$3,000 (or as required by State Law), the Director shall use formal advertising methods and shall solicit bids by advertisement in at least one newspaper of general circulation, or by mailing solicitations to bid to all available dealers or by a combination of such methods.
- d. Purchases may be made from the HUD consolidated supply contracts without further solicitation or invitations for bids unless it is believed that lower prices may be available elsewhere.

The Executive Director is required to obtain Board of Commissioners' approval for purchases of equipment and supplies which are in excess of 15 percent of the line item in the approved budget.

The Director shall establish written Small Purchase Procedures to monitor the procurement actions of the staff which will ensure compliance with the above policy.

For purchases specified in "b" and "c" above, lack of competition is permissible when an emergency exists which permits no delay because of the possibility of injury, loss of life or destruction of property, or when only one source of supply is available.

Signature

Date

ATTACHMENT 2

ACQUISITION/DISPOSITION REGISTER

FUNDING GRANT	ITEM DESCRIPTION	IDENTIFICATION NUMBER	DATE ACQUIRED	CONDITION	DISPOSITION AMOUNT & DATE	YEARLY INVENTORY
<u>Real Property</u>						
<u>Personal Property</u>						
Non-Expendable (\$500 or greater)						
Expendable						

ATTACHMENT 3

CONFLICT OF INTEREST

Code of Federal Regulations

Title 24 PART 570 Subpart I

Sec. 489 Program administrative requirements.

(h) Conflict of interest

(1) *Applicability.* (i) In the procurement of supplies, equipment, construction, and services by the States, units of local general governments, and subrecipients, the conflict of interest provisions in paragraph (g) of this section shall apply.

(ii) In all cases not governed by paragraph (g) of this section, this paragraph (h) shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance with CDBG-RLF funds by the unit of general local government or its subrecipients, to individuals, businesses and other private entities.

(2) *Conflicts prohibited.* Except for eligible administrative or personnel costs, the general rule is that no persons described in paragraph (h)(3) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG-RLF activities assisted under this subpart or who are in a position to participate in a decisionmaking process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the activity, or have an interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

(3) *Persons covered.* The conflict of interest provisions for paragraph (h)(2) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the state, or of a unit of general local government, or of any designated public agencies, or subrecipients which are receiving CDBG-RLF funds.

(4) *Exceptions: Thresholds requirements.* Upon written request by the State, an exception to the provisions of paragraph (h)(2) of this section involving an employee, agent, consultant, officer, or elected official or appointed official of the state may be granted by HUD on a case-by-case basis. In all other cases, the state may grant such an exception upon written request of the unit of general local government provided the state shall fully document its determination in compliance with all requirements of paragraph (h)(4) of this section including the state's position with respect to each factor at paragraph (h)(5) of this section and such documentation shall be available for review by the public and by HUD. An exception may be granted after it is determined that such an exception will serve to further the purpose of the Act and the effective and efficient administration of the program or project of the state or unit of general local government as appropriate. An exception may be considered only after the state or unit of general local government, as appropriate, has provided the following:

(i) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(ii) An opinion of the attorney for the state or the unit of general local government, as appropriate, that the interest for which the exception is sought would not violate state or local law.

(5) *Factors to be considered for exceptions.* In determining whether to grant a requested exception after the requirements of paragraph (h)(4) of this section have been satisfactorily met, the cumulative effect of the following factors, where applicable, shall be considered:

(i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;

(ii) Whether an opportunity was provided for open competitive bidding or negotiation;

(iii) Whether the person affected is a member of a group or class of low or moderate income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(iv) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decisionmaking process with respect to the specific assisted activity in question;

(v) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (h)(3) of this section;

(vi) Whether undue hardship will result either to the State or the unit of general local government or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(vii) Any other relevant considerations.